

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

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Boyer Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2006 election)</b>		
Ken Dunham	President	2006
Pat Putnam	Vice President	2007
Randy Mitchell	Board Member	2006
Steve Puck	Board Member	2007
Paul Klien	Board Member	2007
Doug Head	Board Member	2008
Dana Sturgill	Board Member	2008
<b>Board of Education (After September 2006 election)</b>		
Ken Dunham	President	2009
Pat Putnam	Vice President	2007
Steve Puck	Board Member	2007
Paul Klien	Board Member	2007
Doug Head	Board Member	2008
Dana Sturgill	Board Member	2008
Randy Mitchell	Board Member	2009
<b>School Officials</b>		
Debra Johnson	Superintendent	2007
Sharon Lee	District Secretary/Treasurer	2007
Mundt, Franck & Schumacher	Attorney	2007

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**Certified Public Accountants**  
(a professional corporation)  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Boyer Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyer Valley Community School District, Dunlap, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

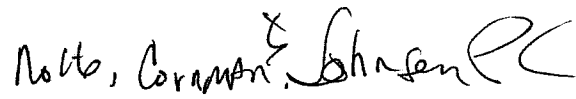
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyer Valley Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2008 on our consideration of the Boyer Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 37 through 38 are not required parts of the basic financial statements, but are supplementary

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Boyer Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 24, 2008

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Boyer Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,262,528 in fiscal 2006 to \$4,408,220 in fiscal 2007, while General Fund expenditures increased from \$4,212,233 in fiscal 2006 to \$4,444,626 in fiscal 2007. This resulted in a decrease in the District's General Fund balance from \$220,594 in fiscal 2006 to a balance of \$184,188 in fiscal 2007, a 16.50% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in state sources. The increase in expenditures was primarily due to an increase in negotiated salaries and benefits.
- The District's October 2006 enrollment declined compared to the previous year. The certified enrollment was 507.8, a decrease of 3.0 students.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Boyer Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boyer Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Boyer Valley Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Boyer Valley Community School District Annual Financial Report**

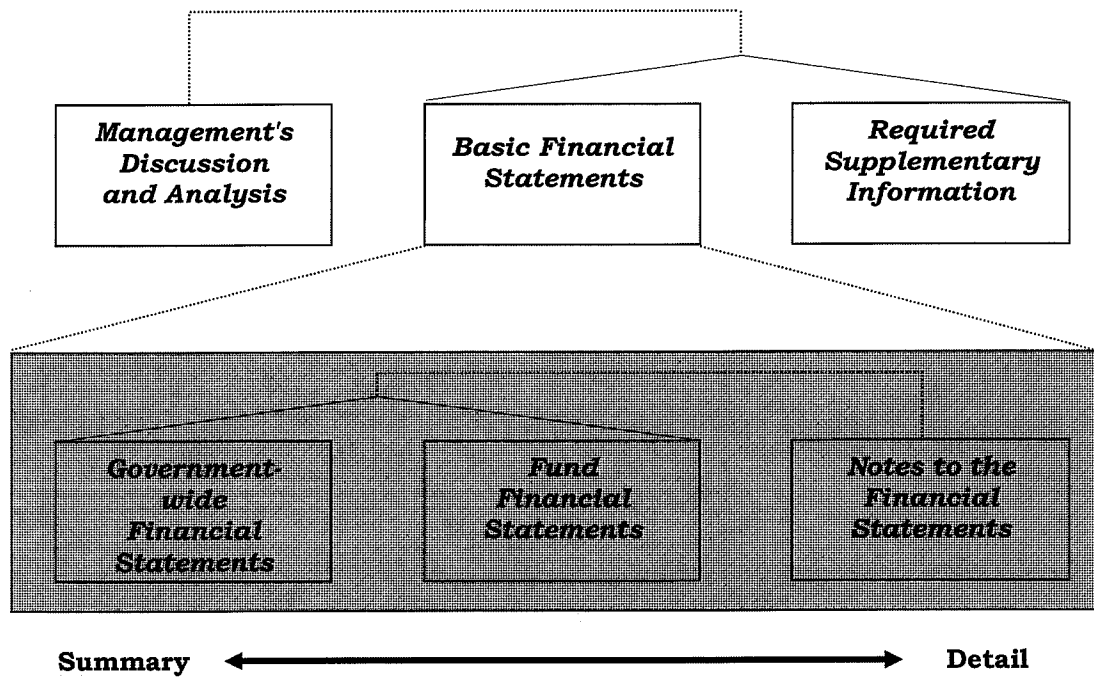


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

**Major Features of the Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



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The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Day Care Fund and one Internal Service Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund and Agency Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 3,519,443	3,891,465	27,609	26,701	3,547,052	3,918,166	-9.47%
Capital assets	7,246,851	7,131,635	71,783	73,042	7,318,634	7,204,677	1.58%
Total assets	10,766,294	11,023,100	99,392	99,743	10,865,686	11,122,843	-2.31%
Long-term obligations	5,118,256	5,382,504	0	0	5,118,256	5,382,504	-4.91%
Other liabilities	2,644,629	2,960,419	52,225	42,469	2,696,854	3,002,888	-10.19%
Total liabilities	7,762,885	8,342,923	52,225	42,469	7,815,110	8,385,392	-6.80%
Net assets:							
Invested in capital assets, net of related debt	2,187,660	2,342,819	71,783	73,042	2,259,443	2,415,861	-6.47%
Restricted	573,713	100,123	0	0	573,713	100,123	473.01%
Unrestricted	242,036	237,235	(24,616)	(15,768)	217,420	221,467	-1.83%
Total net assets	\$ 3,003,409	2,680,177	47,167	57,274	3,050,576	2,737,451	11.44%

The District's combined net assets increased by 11.44%, or \$313,125, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$473,590, or 473.01% over the prior year. The increase was primarily a result of reclassification for restrictions of fund balances in the Capital Projects, Special Revenue - Physical Plant and Equipment Levy and Debt Service Funds.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other

legal requirements – decreased \$4,047, or 1.83%. This decrease in unrestricted net assets was a result of the District's decrease in the General fund balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 and June 30, 2006.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 444,720	452,908	229,182	182,983	673,902	635,891	5.98%
Operating grants and contributions and restricted interest	726,259	723,852	138,864	124,742	865,123	848,594	1.95%
General revenues:							
Property tax	1,751,942	1,740,486	0	0	1,751,942	1,740,486	0.66%
Income surtax	189,253	220,861	0	0	189,253	220,861	-14.31%
Local option sales and services tax	289,237	178,736	0	0	289,237	178,736	61.82%
Unrestricted state grants	2,003,559	1,954,333	0	0	2,003,559	1,954,333	2.52%
Unrestricted investment earnings	80,986	76,076	237	168	81,223	76,244	6.53%
Other general revenue	16,851	63,627	0	0	16,851	63,627	-73.52%
Transfers	(17,318)	0	0	0	(17,318)	0	-100.00%
Total revenues, net transfers	5,485,489	5,410,879	368,283	307,893	5,853,772	5,718,772	2.36%
Program expenses:							
Governmental activities:							
Instructional	3,041,504	2,859,378	0	0	3,041,504	2,859,378	6.37%
Support services	1,562,347	1,380,168	0	0	1,562,347	1,380,168	13.20%
Non-instructional programs	3,170	4,779	380,915	306,734	384,085	311,513	23.30%
Other expenses	555,236	560,266	0	0	555,236	560,266	-0.90%
Total expenses	5,162,257	4,804,591	380,915	306,734	5,543,172	5,111,325	8.45%
Changes in net assets before capital contributions	323,232	606,288	(12,632)	1,159	310,600	607,447	48.87%
Capital contributions	0	0	2,525	0	2,525	0	100.00%
Changes in net assets	323,232	606,288	(10,107)	1,159	313,125	607,447	48.45%
Beginning net assets	2,680,177	2,073,889	57,274	56,115	2,737,451	2,130,004	28.52%
Ending net assets	\$ 3,003,409	2,680,177	47,167	57,274	3,050,576	2,737,451	11.44%

In fiscal 2007, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 77.19% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.94% of the revenue from business type activities.

The District's total revenues were approximately \$5.9 million of which \$5.5 million was for governmental activities and less than \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.36% increase in revenues and a 8.45% increase in expenses. The increase in expenses related to increase in the negotiated salary and benefits, as well as increases in utilities and transportation costs.

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## Governmental Activities

Revenues, net transfers for governmental activities were \$5,485,489 and expenses were \$5,162,257.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 3,041,504	2,859,378	6.37%	2,032,240	1,834,583	10.77%
Support services	1,562,347	1,380,168	13.20%	1,558,399	1,380,168	12.91%
Non-instructional programs	3,170	4,779	-33.67%	3,170	4,779	-33.67%
Other expenses	555,236	560,266	-0.90%	397,469	408,301	-2.65%
Totals	\$ 5,162,257	4,804,591	7.44%	3,991,278	3,627,831	10.02%

- The cost financed by users of the District's programs was \$444,720.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$726,259.
- The net cost of governmental activities was financed with \$1,751,942 in property tax, \$189,253 in income surtax, \$289,237 in local option sales and services tax, \$2,003,559 in unrestricted state grants, \$80,986 in interest income and \$16,851 in other general revenue.

## Business-Type Activities

Revenues of the District's business-type activities were \$370,808 and expenses were \$380,915. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Boyer Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$721,757, below last year's ending fund balances of a \$778,739. This primarily resulted from a decrease in the Capital Projects fund balance.

## Governmental Fund Highlights

- The District's decrease in General Fund financial position from \$220,594 to \$184,188 is the product of many factors. Decreases in local tax and increased operating costs during the year caused the General Fund balance to decrease by \$36,406. In addition, the negotiated salaries and benefits accounted for 74.81% of the General Fund expenditures.
- The Capital Projects Fund balance decreased from \$429,200 in fiscal 2006 to \$316,901 in fiscal 2007. The District had more construction expenditures than they received in local and state sources resulting in a \$112,299 decrease.

- 
- The Debt Service Fund balance increased from \$43,567 in fiscal 2006 to \$45,139 in fiscal 2007. The District had more in local tax and transfer revenues required to cover the debt covenants in place. The result was an increase of \$1,572.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets decreased from \$92,683 at June 30, 2006 to \$81,361 at June 30, 2007, representing a decrease of 12.22%. The Day Care Fund net assets increased from a deficit \$35,409 at June 30, 2006 to a deficit \$34,194 at June 30, 2007, representing an increase of 3.43%.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Boyer Valley Community School District amended its annual budget one time to reflect additional expenditures associated with the other expenditures.

The District's revenues were \$412,650 less than budgeted revenues, a variance of 6.57%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2007, the District had invested \$7.3 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$230,607.

The original cost of the District's capital assets was \$9.5 million. Governmental funds account for \$9.3 million with the remainder of \$0.2 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$6,908,462 at June 30, 2007, compared to \$4,067,535 reported at June 30, 2006. This increase resulted from the completion of building improvements that were capitalized during the year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 1,100	1,100	0	0	1,100	1,100	0.00%
Construction in progress	0	2,700,241	0	0	0	2,700,241	-100.00%
Buildings	6,908,462	4,067,535	0	0	6,908,462	4,067,535	41.12%
Land improvements	90,019	94,061	0	0	90,019	94,061	-4.49%
Machinery and equipment	247,270	268,698	71,783	73,042	319,053	341,740	-7.11%
Total	\$ 7,246,851	7,131,635	71,783	73,042	7,318,634	7,204,677	1.56%

### Long-Term Debt

At June 30, 2007, the District had \$5,118,256 in general and other long-term debt outstanding. This represents a decrease of 4.91% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$4,875,000 at June 30, 2007.

The District had total outstanding Capital Loan Notes payable from the Special Revenue, Physical Plant and Equipment Levy Fund of \$50,000 at June 30, 2007.

The District had total outstanding City Note payable from the Special Revenue, Physical Plant and Equipment Levy Fund of \$76,156 at June 30, 2007.

The District had total outstanding Bus Lease payable from the General Fund and Capital Projects Fund of \$58,035 at June 30, 2007.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Funds of \$59,065 at June 30, 2007.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	2007	2006	
General Obligation Bonds	\$ 4,875,000	5,095,000	-4.32%
Capital Loan Notes	50,000	100,000	-50.00%
City Note	76,156	87,608	-13.07%
Bus Lease	58,035	23,743	144.43%
Early Retirement	59,065	76,153	-22.44%
Totals	\$ 5,118,256	5,382,504	-4.91%

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

- 
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sharon Lee, Board Secretary, Boyer Valley Community School District, 1102 Iowa Avenue, Dunlap, Iowa, 51529.

## BASIC FINANCIAL STATEMENTS



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments:			
ISCAP (Note 4)	\$ 819,503	0	819,503
Other	564,087	4,045	568,132
Receivables:			
Property tax:			
Delinquent	21,833	0	21,833
Succeeding year	1,708,625	0	1,708,625
Income surtax	192,570	0	192,570
Accounts	338	5,769	6,107
Accrued ISCAP interest (Note 4)	38,283	0	38,283
Due from other governments	174,204	8,000	182,204
Inventories	0	9,795	9,795
Capital assets, net of accumulated depreciation (Note 5)	7,246,851	71,783	7,318,634
<b>TOTAL ASSETS</b>	<b>10,766,294</b>	<b>99,392</b>	<b>10,865,686</b>
<b>LIABILITIES</b>			
Excess of warrants issued over bank balance	0	47,577	47,577
Accounts payable	36,420	1,500	37,920
Accrued interest payable	39,568	0	39,568
ISCAP warrants payable (Note 4)	821,000	0	821,000
ISCAP interest payable (Note 4)	33,788	0	33,788
ISCAP amortized premium	5,228	0	5,228
Deferred revenue:			
Succeeding year property tax	1,708,625	0	1,708,625
Unearned revenue	0	3,148	3,148
Long-term liabilities (Note 6):			
Portion due within one year:			
General obligation bonds payable	230,000	0	230,000
Capital loan note payable	50,000	0	50,000
City note payable	11,795	0	11,795
Bus lease payable	49,810	0	49,810
Early retirement payable	15,845	0	15,845
Portion due after one year:			
General obligation bonds payable	4,645,000	0	4,645,000
City note payable	64,361	0	64,361
Bus lease payable	8,225	0	8,225
Early retirement payable	43,220	0	43,220
<b>TOTAL LIABILITIES</b>	<b>7,762,885</b>	<b>52,225</b>	<b>7,815,110</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,187,660	71,783	2,259,443
Restricted for:			
Debt service	45,139	0	45,139
Talented and gifted	29,822	0	29,822
Additional teacher contract day	1,450	0	1,450
Capital projects	316,901	0	316,901
Physical plant and equipment levy	128,370	0	128,370
Other special revenue purposes	52,031	0	52,031
Unrestricted	242,036	(24,616)	217,420
<b>TOTAL NET ASSETS</b>	<b>\$ 3,003,409</b>	<b>47,167</b>	<b>3,050,576</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
Functions/Programs					
Governmental activities:					
Instruction:					
Regular instruction	\$ 1,865,260	277,927	533,540	(1,053,793)	0
Special instruction	595,062	33,969	27,354	(533,739)	0
Other instruction	581,182	132,824	3,650	(444,708)	0
	<u>3,041,504</u>	<u>444,720</u>	<u>564,544</u>	<u>(2,032,240)</u>	<u>0</u>
Support services:					
Student services	87,759	0	0	(87,759)	0
Instructional staff services	98,097	0	0	(98,097)	0
Administration services	542,407	0	0	(542,407)	0
Operation and maintenance of plant services	456,389	0	0	(456,389)	0
Transportation services	377,695	0	3,948	(373,747)	0
	<u>1,562,347</u>	<u>0</u>	<u>3,948</u>	<u>(1,558,399)</u>	<u>0</u>
Non-instructional programs					
Food service operations	700	0	0	(700)	0
Community service operations	2,470	0	0	(2,470)	0
	<u>3,170</u>	<u>0</u>	<u>0</u>	<u>(3,170)</u>	<u>0</u>
Other expenditures:					
Long-term debt:					
Interest and fiscal charges	244,293	0	0	(244,293)	0
AEA flowthrough	157,767	0	157,767	0	0
Depreciation(unallocated)*	153,176	0	0	(153,176)	0
	<u>555,236</u>	<u>0</u>	<u>157,767</u>	<u>(397,469)</u>	<u>0</u>
Total governmental activities	5,162,257	444,720	726,259	(3,991,278)	0
Business-Type activities:					
Non-instructional programs:					
Nutrition services	246,115	101,792	130,239	0	(14,084)
Day care services	134,800	127,390	8,625	0	1,215
Total business-type activities	<u>380,915</u>	<u>229,182</u>	<u>138,864</u>	<u>0</u>	<u>(12,869)</u>
Total	<u>\$ 5,543,172</u>	<u>673,902</u>	<u>865,123</u>	<u>(3,991,278)</u>	<u>(12,869)</u>
General Revenues and Transfers:					
General Revenues:					
Local tax for:					
General purposes				\$ 1,245,075	0
Capital projects				101,810	0
Debt service				405,057	0
Income surtax				189,253	0
Local option sales and services tax				289,237	0
Unrestricted state grants				2,003,559	0
Unrestricted investment earnings				80,986	237
Other general revenue				16,851	0
Transfers				(17,318)	0
Total general revenues and transfers				<u>4,314,510</u>	<u>237</u>
Changes in net assets before other financing sources				323,232	(12,632)
Other Financing Sources:					
Capital contributions				0	2,525
Total other financing sources				<u>0</u>	<u>2,525</u>
Changes in net assets				323,232	(10,107)
Net assets beginning of year				2,680,177	57,274
Net assets end of year				<u>\$ 3,003,409</u>	<u>47,167</u>

\* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
<b>ASSETS</b>					
Cash and pooled investments:					
ISCAP (Note 4)	\$ 819,503	0	0	0	819,503
Other	143,844	198,035	40,094	181,912	563,885
Receivables:					
Property tax:					
Delinquent	13,354	0	5,045	3,434	21,833
Succeeding year	1,152,435	0	331,178	225,012	1,708,625
Income surtax	192,570	0	0	0	192,570
Accounts	338	0	0	0	338
Accrued ISCAP interest (Note 4)	38,283	0	0	0	38,283
Due from other governments	55,338	118,866	0	0	174,204
<b>TOTAL ASSETS</b>	<b>\$ 2,415,665</b>	<b>316,901</b>	<b>376,317</b>	<b>410,358</b>	<b>3,519,241</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 26,456	0	0	9,817	36,273
ISCAP warrants payable (Note 4)	821,000	0	0	0	821,000
ISCAP interest payable (Note 4)	33,788	0	0	0	33,788
ISCAP amortized premium	5,228	0	0	0	5,228
Deferred revenue:					
Succeeding year property tax	1,152,435	0	331,178	225,012	1,708,625
Income surtax	192,570	0	0	0	192,570
Total liabilities	2,231,477	0	331,178	234,829	2,797,484
Fund balances:					
Reserved for:					
Debt service	0	0	45,139	0	45,139
Talented and gifted	29,822	0	0	0	29,822
Additional teacher contract day	1,450	0	0	0	1,450
Unreserved:					
Undesignated:					
General	152,916	0	0	0	152,916
Capital projects	0	316,901	0	0	316,901
Management levy	0	0	0	(4,872)	(4,872)
Physical plant and equipment levy	0	0	0	128,370	128,370
Other special revenue purposes	0	0	0	52,031	52,031
Total fund balances	184,188	316,901	45,139	175,529	721,757
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,415,665</b>	<b>316,901</b>	<b>376,317</b>	<b>410,358</b>	<b>3,519,241</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2007

Total fund balances of governmental funds (page 16)	\$ 721,757
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,246,851
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	192,570
Blending of Internal service funds to be reflected on an entity wide basis	55
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(39,568)
Long-term liabilities, including general obligation bonds, capital loan notes payable, city note payable, bus lease payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(5,118,256)
Net assets of governmental activities (page 14)	<u>\$ 3,003,409</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 1,260,796	289,237	405,057	275,342	2,230,432
Tuition	239,341	0	0	0	239,341
Other	148,713	10,086	967	149,800	309,566
Intermediate sources	8,000	0	0	0	8,000
State sources	2,432,612	0	325	221	2,433,158
Federal sources	282,310	0	0	0	282,310
Total revenues	4,371,772	299,323	406,349	425,363	5,502,807
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular instruction	1,813,458	0	0	56,601	1,870,059
Special instruction	595,517	0	0	0	595,517
Other instruction	453,631	0	0	135,812	589,443
	2,862,606	0	0	192,413	3,055,019
Support services:					
Student services	87,759	0	0	0	87,759
Instructional staff services	98,097	0	0	0	98,097
Administration services	540,222	0	0	8,988	549,210
Operation and maintenance of plant services	386,868	0	0	42,174	429,042
Transportation services	290,834	45,395	0	12,210	348,439
	1,403,780	45,395	0	63,372	1,512,547
Non-instructional programs:					
Food service operations	0	0	0	700	700
Community service operations	899	0	0	0	899
	899	0	0	700	1,599
Other expenditures:					
Facilities acquisitions	0	323,163	0	135	323,298
Long-term debt:					
Principal	0	0	329,003	0	329,003
Interest and fiscal charges	0	0	245,081	0	245,081
AEA flowthrough	157,767	0	0	0	157,767
	157,767	323,163	574,084	135	1,055,149
Total expenditures	4,425,052	368,558	574,084	256,620	5,624,314
Excess(deficiency) of revenues over(under) expenditures	(53,280)	(69,235)	(167,735)	168,743	(121,507)
Other financing sources(uses):					
Proceeds from bus lease	36,448	45,395	0	0	81,843
Transfer in	0	0	169,307	0	169,307
Transfer out	(19,574)	(88,459)	0	(78,592)	(186,625)
Total other financing sources(uses)	16,874	(43,064)	169,307	(78,592)	64,525
Net change in fund balances	(36,406)	(112,299)	1,572	90,151	(56,982)
Fund balance beginning of year	220,594	429,200	43,567	85,378	778,739
Fund balance end of year	\$ 184,188	316,901	45,139	175,529	721,757

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2007

Net change in fund balances - total governmental funds (page 18) \$ (56,982)

**Amounts reported for governmental activities in the  
 statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceed depreciation expense and loss on disposal in the current year, as follows:

Expenditures for capital assets	\$ 337,035	
Depreciation expense	(221,384)	
Loss on disposal of capital assets	<u>(435)</u>	115,216

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issued, as follows:

Issued	\$ (81,843)	
Repaid	<u>329,003</u>	247,160

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Net change in Internal service funds changed back against expendable made for self funded insurance at an entity wide basis.

(38)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement		<u>17,088</u>
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Changes in net assets of governmental activities (page 15)

\$ 323,232

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities: Internal Service
	School Nutrition	Day Care	Total	
ASSETS				
Current assets:				
Cash and pooled investments	\$ 4,045	0	4,045	202
Accounts receivable	0	5,769	5,769	0
Due from other governments	0	8,000	8,000	0
Inventories	9,795	0	9,795	0
Non-current assets:				
Capital assets, net of accumulated depreciation (Note 5)	71,783	0	71,783	0
TOTAL ASSETS	85,623	13,769	99,392	202
LIABILITIES				
Excess of warrants issued over bank balance	0	47,577	47,577	0
Accounts payable	1,114	386	1,500	147
Deferred revenue:				
Other	3,148	0	3,148	0
TOTAL LIABILITIES	4,262	47,963	52,225	147
NET ASSETS				
Invested in capital assets, net of related debt	71,783	0	71,783	0
Unrestricted	9,578	(34,194)	(24,616)	55
Total net assets	\$ 81,361	(34,194)	47,167	55

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities: Internal Service
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 101,792	127,390	229,182	12,415
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	110,620	104,520	215,140	0
Benefits	18,533	14,687	33,220	12,453
Services	3,242	271	3,513	0
Supplies	103,785	15,322	119,107	0
Depreciation	9,223	0	9,223	0
Other	712	0	712	0
TOTAL OPERATING EXPENSES	246,115	134,800	380,915	12,453
OPERATING LOSS	(144,323)	(7,410)	(151,733)	(38)
NON-OPERATING REVENUES:				
State sources	3,434	8,625	12,059	0
Federal sources	126,805	0	126,805	0
Interest income	237	0	237	0
TOTAL NON-OPERATING REVENUES	130,476	8,625	139,101	0
Changes in net assets before capital contributions	(13,847)	1,215	(12,632)	(38)
Capital contributions	2,525	0	2,525	0
Changes in net assets	(11,322)	1,215	(10,107)	(38)
Net assets beginning of year	92,683	(35,409)	57,274	93
Net assets end of year	\$ 81,361	(34,194)	47,167	55

SEE NOTES TO FINANCIAL STATEMENTS.



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities: Internal Service
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 102,638	0	102,638	0
Cash received from miscellaneous operating activities	940	127,319	128,259	12,415
Cash payments to employees for services	(129,153)	(119,207)	(248,360)	(12,306)
Cash payments to suppliers for goods or services	(86,521)	(15,207)	(101,728)	0
Net cash provided by(used in) operating activities	(112,096)	(7,095)	(119,191)	109
Cash flows from non-capital financing activities:				
Reorganization settlements	0	0	0	
State grants received	3,434	625	4,059	0
Federal grants received	104,972	0	104,972	0
Net cash provided by non-capital financing activities	108,406	625	109,031	0
Cash flows from capital financing activities:				
Acquisitions of assets	(5,439)	0	(5,439)	0
Net cash used in capital financing activities	(5,439)	0	(5,439)	0
Cash flows from investing activities:				
Interest on investment	237	0	237	0
Net cash provided by investing activities	237	0	237	0
Net increase(decrease) in cash and cash equivalents	(8,892)	(6,470)	(15,362)	109
Cash and cash equivalents at beginning of year	12,937	(41,107)	(28,170)	93
Cash and cash equivalents at end of year	\$ 4,045	(47,577)	(43,532)	202
Reconciliation of operating loss to net cash provided by(used in) operating activities:				
Operating loss	\$ (144,323)	(7,410)	(151,733)	(38)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	21,833	0	21,833	0
Depreciation	9,223	0	9,223	0
Increase in inventories	(1,729)	0	(1,729)	0
Increase in accounts receivable	0	(71)	(71)	0
Increase in accounts payable	1,114	386	1,500	147
Increase in deferred revenue	1,786	0	1,786	0
Net cash provided by(used in) operating activities	\$ (112,096)	(7,095)	(119,191)	109
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and investments	\$ 4,045	(47,577)	(43,532)	202

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$21,833.

During the year ended June 30, 2007, the District received capital contributions valued at \$2,525 from the General Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2007

	Private Purpose Trust Scholarship Fund	Agency Fund
ASSETS		
Cash and pooled investments	\$ 16,404	3,831
Accounts receivable	0	170
Total assets	<u>16,404</u>	<u>4,001</u>
LIABILITIES		
Due to other groups	0	4,001
Total liabilities	<u>0</u>	<u>4,001</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 16,404</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2007

	Private Purpose Trust Scholarship Fund
Additions:	
Local sources:	
Gifts and contributions	\$ 1,100
Interest income	534
Total additions	<u>1,634</u>
Deletions:	
Regular instruction:	
Scholarships awarded	<u>2,548</u>
Total deletions	<u>2,548</u>
Change in net assets before other financing sources	(914)
Other financing sources:	
Transfer in	<u>17,318</u>
Change in net assets	16,404
Net assets beginning of year	<u>0</u>
Net assets end of year	<u>\$ 16,404</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(1) **Summary of Significant Accounting Policies**

The Boyer Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dunlap, Dow City and Arion, Iowa, and the predominate agricultural territory in Harrison, Crawford, Shelby and Monona Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Boyer Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Boyer Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Harrison, Crawford, Shelby and Monona Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise Fund, School Nutrition Fund, the Enterprise Fund, Day Care Fund and the Internal Service Fund. The School Nutrition Fund

is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care service operations of the District. The Internal Service Fund is used to account for flex benefits of employees.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are

incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been

recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been



recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

### **(2) Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage district.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. The certificates of deposit are classified as Category 1, which means the investments are insured and held by the District in the District's name. Certificates are stated at fair value.

At June 30, 2007, the District had investments in Certificates of Deposit maturing over a year as follows:

Certificates of Deposit	<u>\$ 10,000</u>
-------------------------	------------------

**(3) Transfers**

The detail of transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 61,274
Debt Service	General Fund	19,574
Debt Service	Capital Projects	88,459
Private Purpose Trust - Scholarship	Expendable Trust	<u>17,318</u>
Total		<u>\$ 186,625</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07A	6/28/06	6/28/07	\$ 0	33,549	0	29,690
2006-07B	1/26/07	1/25/08	205,475	4,550	206,000	3,941
2007-08A	6/28/07	6/27/08	614,028	184	615,000	157
Total			<u>\$ 819,503</u>	<u>38,283</u>	<u>821,000</u>	<u>33,788</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn,

then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006-07A \$	0	300,000	300,000	0
2006-07B	0	100,000	100,000	0
Total \$	0	400,000	400,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07A	4.500%	5.676%
2006-07B	4.250%	5.315%
2007-08A	4.500%	5.455%

##### (5) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,100	0	0	1,100
Construction in progress	2,700,241	249,675	2,949,916	0
Total capital assets not being depreciated	2,701,341	249,675	2,949,916	1,100
Capital assets being depreciated:				
Buildings	4,879,548	2,987,212	0	7,866,760
Land improvements	415,323	2,849	0	418,172
Machinery and equipment	1,015,520	47,215	6,069	1,056,666
Total capital assets being depreciated	6,310,391	3,037,276	6,069	9,341,598
Less accumulated depreciation for:				
Buildings	812,013	146,285	0	958,298
Land improvements	321,262	6,891	0	328,153
Machinery and equipment	746,822	68,208	5,634	809,396
Total accumulated depreciation	1,880,097	221,384	5,634	2,095,847
Total capital assets being depreciated, net	4,430,294	2,815,892	435	7,245,751
Governmental activities capital assets, net	\$ 7,131,635	3,065,567	2,950,351	7,246,851

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 156,964	7,964	5,180	159,748
Less accumulated depreciation	83,922	9,223	5,180	87,965
Business-type activities capital assets, net	\$ 73,042	(1,259)	0	71,783

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 13,835
Special		7,917
Other		996
Support services:		
Administration		1,396
Operation and maintenance of plant		1,237
Transportation		41,256
Non-instructional programs:		
Community service operations		1,571
		68,208
Unallocated depreciation		153,176
Total governmental activities depreciation expense		\$ 221,384
Business-type activities:		
Food services		\$ 9,223
Total business-type activities depreciation expense		\$ 9,223

#### (6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 5,095,000	0	220,000	4,875,000	230,000
Capital Loan Note	100,000	0	50,000	50,000	50,000
City Note	87,608	0	11,452	76,156	11,795
Bus Lease	23,743	81,843	47,551	58,035	49,810
Early Retirement	76,153	0	17,088	59,065	15,845
Total	\$ 5,382,504	81,843	346,091	5,118,256	357,450

#### General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue of July 1, 2002				
	Interest Rates		Principal	Interest	Total
2008	4.00-4.20 %	\$	230,000	225,478	455,478
2009	4.20		240,000	215,828	455,828
2010	5.00		250,000	205,143	455,143
2011	5.00		265,000	192,518	457,518
2012	5.00		275,000	179,143	454,143
2013-2017	4.25-4.65		1,585,000	693,746	2,278,746
2018-2022	4.65-4.95		2,030,000	282,147	2,312,147
Total		\$	4,875,000	1,994,003	6,869,003

#### Capital Loan Notes Payable

During the year ended June 30, 2005 the District sold capital loan notes to pay for additional construction costs. Details of the District's June 30, 2007 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note of June 1, 2005			
	Interest Rates		Principal	Interest
2008	2.85 %	\$	50,000	1,425
				51,425

#### City Note Payable

During the year ended June 30, 2003 the District entered into an agreement with the City of Dunlap for utility relocation. Details of the District's June 30, 2007 city note indebtedness are as follows:

Year Ending June 30,	Note of June 16, 2003			
	Interest Rates		Principal	Interest
2008	3.00 %	\$	11,795	2,285
2009	3.00		12,149	1,931
2010	3.00		12,514	1,566
2011	3.00		12,889	1,191
2012	3.00		13,276	804
2013	3.00		13,533	547
Total		\$	76,156	8,324

#### Bus Lease Payable

Details of the District's June 30, 2007 bus lease indebtedness are as follows:

Year Ending June 30,	Lease of November 19, 2003			Lease of January 5, 2006			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2008	3.97 %	\$ 7,910	641	3.97 %	\$ 41,900	2,053	49,810	2,694
2009	3.97	8,225	326	3.97	0	0	8,225	326
Total		\$ 16,135	967		\$ 41,900	2,053	58,035	3,020

### Early Retirement

The District did offer a voluntary early retirement plan to its full-time employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is continued health insurance coverage paid by the District equal to the insurance rate at the time of the employee's retirement for a maximum of seven years. Early retirement benefits paid during the year ended June 30, 2007, totaled \$17,088. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

### **(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$162,219, \$150,395 and \$151,815 respectively, equal to the required contributions for each year.

### **(8) Risk Management**

The Boyer Valley Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides the District dental insurance coverage and protection.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2007 were \$22,187.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Boyer Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from

these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$157,767 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Deficit Fund Balance/Net Assets**

The Special Revenue - Management Fund had a deficit undesignated fund balance of \$4,872 at June 30, 2007. The Enterprise - Day Care Fund had deficit net assets of \$34,194 at June 30, 2007.

REQUIRED SUPPLEMENTARY INFORMATION



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL (GAAP BASIS) - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

	Governmental	Proprietary		Budgeted Amounts		Final to
	Fund Types	Fund Type	Total	Original	Final	Actual
	Actual	Actual	Actual			Variance -
						Positive
						(Negative)
Revenues:						
Local sources	\$ 2,779,339	229,419	3,008,758	3,020,367	3,020,367	(11,609)
Intermediate sources	8,000	0	8,000	20,000	20,000	(12,000)
State sources	2,433,158	12,059	2,445,217	2,663,373	2,663,373	(218,156)
Federal sources	282,310	126,805	409,115	580,000	580,000	(170,885)
Total revenues	5,502,807	368,283	5,871,090	6,283,740	6,283,740	(412,650)
Expenditures:						
Instruction	3,055,019	0	3,055,019	3,489,500	3,489,500	434,481
Support services	1,512,547	0	1,512,547	1,791,400	1,791,400	278,853
Non-instructional programs	1,599	380,915	382,514	462,500	462,500	79,986
Other expenditures	1,055,149	0	1,055,149	914,398	1,064,398	9,249
Total expenditures	5,624,314	380,915	6,005,229	6,657,798	6,807,798	802,569
Deficiency of revenues under expenditures	(121,507)	(12,632)	(134,139)	(374,058)	(524,058)	(389,919)
Other financing sources, net	64,525	2,525	67,050	50,000	50,000	(17,050)
Deficiency of revenues and other financing sources under expenditures	(56,982)	(10,107)	(67,089)	(324,058)	(474,058)	(406,969)
Balance beginning of year	778,739	57,274	836,013	395,886	395,886	(440,127)
Balance end of year	\$ 721,757	47,167	768,924	71,828	(78,172)	(847,096)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures by \$150,000.

OTHER SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2007

	Special Revenue Funds			
	Manage- ment	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds
ASSETS				
Cash and pooled investments	\$ 1,913	52,899	127,100	181,912
Receivables:				
Property tax:				
Delinquent	2,164	0	1,270	3,434
Succeeding year	120,000	0	105,012	225,012
TOTAL ASSETS	\$ 124,077	52,899	233,382	410,358
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,949	868	0	9,817
Deferred revenue:				
Succeeding year property tax	120,000	0	105,012	225,012
	128,949	868	105,012	234,829
Fund balances:				
Unreserved:				
Undesignated	(4,872)	52,031	128,370	175,529
TOTAL LIABILITIES AND FUND BALANCES	\$ 124,077	52,899	233,382	410,358

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007

	Special Revenue Funds				
	Manage- ment	Student Activity	Physical Plant and Equipment Levy	Expend- able Trust	Total Special Revenue Funds
REVENUES:					
Local sources:					
Local tax	\$ 173,532	0	101,810	0	275,342
Other	8,837	138,200	2,763	0	149,800
State sources	139	0	82	0	221
TOTAL REVENUES	182,508	138,200	104,655	0	425,363
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	56,601	0	0	0	56,601
Other instruction	0	135,812	0	0	135,812
Support services:					
Administration services	8,988	0	0	0	8,988
Operation and maintenance of plant services	42,174	0	0	0	42,174
Student transportation	12,210	0	0	0	12,210
Non-instructional programs:					
Food service operations	700	0	0	0	700
Other expenditures:					
Facilities acquisition	0	0	135	0	135
TOTAL EXPENDITURES	120,673	135,812	135	0	256,620
EXCESS OF REVENUES OVER EXPENDITURES	61,835	2,388	104,520	0	168,743
OTHER FINANCING USES:					
Transfer out	0	0	(61,274)	(17,318)	(78,592)
NET CHANGE IN FUND BALANCES	61,835	2,388	43,246	(17,318)	90,151
FUND BALANCE BEGINNING OF YEAR	(66,707)	49,643	85,124	17,318	85,378
FUND BALANCE END OF YEAR	\$ (4,872)	52,031	128,370	0	175,529

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Annual	\$ (9,250)	6,124	6,284	(9,410)
AP Testing	49	370	370	49
Drama	1,029	1,106	532	1,603
Speech	(23)	0	0	(23)
Cheerleaders	1,266	4,479	3,873	1,872
Vocal Music	5,175	223	223	5,175
Instrumental Music	9,153	11,730	9,408	11,475
Science Club	491	689	922	258
Entrepreneurship	1,390	4,173	5,265	298
FFA	688	2,141	1,928	901
FCCLA	66	1,135	766	435
FTA	57	0	0	57
Foreign Language	419	502	502	419
Library Club	15	0	0	15
National Honor Society	2,819	116	660	2,275
HS Student Council	2,922	10,727	9,275	4,374
Industrial Arts Club	21	0	0	21
Class of 2010	0	15	15	0
Class of 2009	0	26	125	(99)
Class of 2008	2	28,974	23,169	5,807
Class of 2007	6,391	1,825	5,710	2,506
Class of 2006	1,888	0	1,888	0
Class of 2005	330	0	330	0
Drill Team	10,806	5,970	6,963	9,813
General Athletics	1,876	23,570	25,216	230
Resale Account	0	4,995	4,995	0
Booster Club	0	4,372	4,372	0
Basketball	0	2,244	2,244	0
Football	357	2,568	2,925	0
Baseball	0	1,694	1,239	455
Boys Track	0	241	241	0
Boys Golf	0	272	272	0
Girls Basketball	0	2,108	2,108	0
Volleyball	0	97	97	0
Softball	0	471	471	0
Elem Student Council	4,399	5,403	5,656	4,146
Memorial	1,819	0	0	1,819
Special Projects	85	0	85	0
Elem Music	1,435	1,000	1,281	1,154
MS Student Council	3,968	1,461	1,866	3,563
Community Bank Grant	0	7,379	4,536	2,843
Total	\$ 49,643	138,200	135,812	52,031

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>ASSETS</b>				
Cash and pooled investments	\$ 4,047	11,840	12,056	3,831
Accounts receivable	0	170	0	170
	<u>\$ 4,047</u>	<u>12,010</u>	<u>12,056</u>	<u>4,001</u>
<b>LIABILITIES</b>				
Due to other groups	\$ 4,047	12,010	12,056	4,001

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 2,230,432	2,128,486	2,205,739	1,947,919
Tuition	239,341	225,347	224,800	411,056
Other	309,566	355,841	363,508	643,508
Intermediate sources	8,000	8,000	8,000	2,338
State sources	2,433,158	2,394,928	2,221,872	2,120,111
Federal sources	282,310	275,257	1,085,779	767,911
Total	<u>\$ 5,502,807</u>	<u>5,387,859</u>	<u>6,109,698</u>	<u>5,892,843</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,870,059	1,745,066	1,747,922	1,787,725
Special instruction	595,517	545,603	775,501	842,670
Other instruction	589,443	589,687	483,699	475,387
Support services:				
Student services	87,759	92,128	76,517	110,353
Instructional staff services	98,097	115,735	96,627	122,846
Administration services	549,210	569,883	735,123	535,953
Operation and maintenance of plant services	429,042	371,307	394,502	527,039
Transportation services	348,439	327,834	456,069	620,940
Other support services	0	0	4,927	0
Non-instructional programs	1,599	1,637	2,270	1,437
Other expenditures:				
Facilities acquisitions	323,298	142,785	1,106,289	4,877,188
Long-term debt:				
Principal	329,003	273,436	267,832	223,180
Interest and fiscal charges	245,081	251,568	259,056	260,177
AEA flow-through	157,767	151,965	151,018	153,254
Total	<u>\$ 5,624,314</u>	<u>5,178,634</u>	<u>6,557,352</u>	<u>10,538,149</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



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Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of the  
Boyer Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Boyer Valley Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 24, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boyer Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Boyer Valley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Boyer Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by Boyer Valley Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Boyer Valley Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boyer Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Boyer Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Boyer Valley Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boyer Valley Community School District and other parties to whom Boyer Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boyer Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 24, 2008

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- I-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to monitor controls and implement procedures when feasible.

Conclusion - Response accepted.

- I-B-07 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. A more specific example of these instances is as follows:

Donations from Target and Box Tops for Education recorded in the middle school and elementary funds. These donations do not specify the purpose other than instructional supplies; therefore, they should be receipted into the General fund for use in all instructional supplies/services.

We also noted during our audit that the Student Activity Fund received picture commission income during the year. The picture commissions need to be receipted into the General fund.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

- I-C-07 Establishment of Accounts -The District's high school Student Council had established a separately maintained bank account, and was conducting transactions with the separate account as well as the District maintained account.

Although the District had established policies and procedures to record all bank accounts associated with the District and District activities, the controls were not effective in circumventing an establishment of a separate bank account.

Recommendation -The District procedures should be reviewed and changes made to strengthen controls relating to establishment and maintenance of bank accounts.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

- I-D-07 Authorized Check Signatures - Checks written from the Student Activity Fund, Community Bank Grant account do not have two signatures and the board president is not signing these checks.

Recommendation - The Board President and Board Secretary are to sign all checks written by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The Board Secretary and Superintendent Secretary are now signing the checks for the Community Bank Grant account. The Superintendent Secretary is designated by the Board President to sign Student Activity and Nutrition Fund checks.

Conclusion - Response accepted.

- I-E-07 Photo Image Checks - We noted during our audit that District receives their checks from the bank as photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

Recommendation - The District should contact the bank to rectify the situation. The District should receive the photo images showing both the front and back of the checks or the original issued check.

Response - We have contacted the bank and are now receiving the fronts and backs of the checks.

Conclusion - Response accepted.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-07 Certified Budget - District disbursements for the year ended June 30, 2007, did not exceed the amount budgeted.
- II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ken Dunham, Board Member Owner of Dunham Hardwoods	Supplies	\$667
Pat Putnam, Board Member Owner of Putnam Auto	Repairs	\$180
Gregory Brasel, Transportation Director Owner of Greg Brasel Construction	Purchased Services	\$2,500
Rick Boysen, Teacher Owner of 3B Construction	Repairs	\$919

In accordance with Chapter 279.7A of the code of Iowa, the above transactions with the board members do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the transportation director and teacher do not appear to represent a conflict of interest.

- II-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-07 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were tuitioned out was understated by one student.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - We will contact the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

II-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

II-J-07 Financial Condition - The District had a deficit undesignated fund balance of \$4,872 in the Special Revenue - Management Fund. The District also had deficit net assets of \$34,194 in the Enterprise - Day Care Fund. We also noted during our audit deficit account balances in the Special Revenue, Student Activity Fund.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - We will continue to monitor these funds and investigate alternatives to eliminate the deficits.

Conclusion - Response accepted.